



PAKISTAN SERVICES LTD.



Pearl-Continental
HOTELS & RESORTS

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED | **31 MARCH 2023**

SWAT VALLEY, PAKISTAN



PEARL-CONTINENTAL HOTEL - LAHORE



Pearl-Continental
HOTELS & RESORTS

**CONDENSED INTERIM
FINANCIAL STATEMENTS
[UNAUDITED]**

For the nine months period ended 31 March 2023



PAKISTAN SERVICES LTD

Vision Statement

We are committed to dynamic growth and service excellence built upon our heritage of traditional hospitality. We strive to consistently meet and surpass guests' employees' and other stakeholders' expectations. We feel pride in making efforts to position Pakistan in the forefront of the international arena.

Mission Statement

Secrets to our sustained leadership in hospitality are Excellence and Dynamism through offering competitive and innovative high quality value added services to our guests and business partners.

To meet the challenges of modern business, we constantly upgrade our operations and services in line with latest technological facilities.

As a responsible corporate citizen, maintaining the highest level of governance, ethical standards and prudence.

Keeping close-watch at socio-political environment to make use of all available growth opportunities through aggressive and proactive approach.

Believe in strong and professional workforce by providing challenging and rewarding environment and equal respect to all through creating the sense of participation towards the success of our vision.

CORPORATE INFORMATION

Pearl Continental Hotels, a chain owned, operated and franchised by Pakistan Services Limited, sets the international standards for quality hotel accommodation across Pakistan and AJ&K and manages 6 luxury hotels in Karachi, Lahore, Rawalpindi, Bhurban, Muzaffarabad and Malam Jabba comprising 1,470 rooms.

BOARD OF DIRECTORS

Mr. Sadruddin Hashwani	Chairman
Mr. Murtaza Hashwani	CEO
Mr. M. A. Bawany	
Mr. Shakir Abu Bakar	
Syed Haseeb Amjad Gardezi	
Mr. M. Ahmed Ghazali Marghoob	
Ms. Ayesha Khan	
Mr. Rohail Ajmal	
Mr. Shahid Hussain	
Mr. Muhammad Saleem A. Ranjha	

COMPANY SECRETARY

Mr. Muhammad Amir

AUDITORS

M/s KPMG Taseer Hadi & Co.
Chartered Accountants
6th Floor, State Life Building No. 5 Jinnah
Avenue, Blue Area Islamabad.

LEGAL ADVISOR

M/s Liaquat Merchant & Associates

AUDIT COMMITTEE

Mr. Shahid Hussain	Chairman
Mr. M. A. Bawany	
Mr. M. Ahmed Ghazali Marghoob	
Mr. Rohail Ajmal	

BANKERS

National Bank of Pakistan
The Bank of Punjab
Habib Bank Limited
Soneri Bank Limited
United Bank Limited
Askari Bank Limited
JS Bank Limited
Muslim Commercial Bank Limited
Silk Bank Limited
Faysal Bank Limited
Standard Chartered Bank [Pakistan] Limited
Industrial and Commercial Bank of China
Dubai Islamic Bank [Pakistan] Limited
Meezan Bank Limited

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rohail Ajmal	Chairman
Mr. Murtaza Hashwani	
Mr. M. A. Bawany	
Syed Haseeb Amjad Gardezi	
Mr. M. Ahmed Ghazali Marghoob	

NOMINATION COMMITTEE

Mr. Murtaza Hashwani	Chairman
Mr. M. A. Bawany	
Mr. Shakir Abu Bakar	
Syed Haseeb Amjad Gardezi	

RISK MANAGEMENT COMMITTEE

Mr. Murtaza Hashwani	Chairman
Mr. M. A. Bawany	
Mr. Shakir Abu Bakar	
Syed Haseeb Amjad Gardezi	
Ms. Ayesha Khan	
Mr. Rohail Ajmal	

REGISTERED OFFICE

1st Floor, NESPAK House,
Sector G-5/2, Islamabad.
Tel: +92 51-2272890-8
Fax: +92 51-2878636
<http://www.psl.com.pk>
<http://www.pshotels.com>
<http://www.hashoogroup.com>

CHIEF FINANCIAL OFFICER

Mr. Tahir Mahmood

SHARE REGISTRAR

M/s THK Associates [Private] Limited
Plot No. 32-C, Jami Commercial
Street-2, DHA, Phase VII
Karachi

Directors' Report

Dear Members,

The Board of Directors of Pakistan Services Limited (PSL) presents the condensed interim financial statements of the Company for the nine months period ended 31 March 2023.

Economic Overview

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion in Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook.

Pakistan's economy is currently under severe stress with low foreign reserves, a depreciating currency, and high inflation all resulting in pain for households struggling to make both ends meet. The recovery from the impact of historic floods last summer is still underway and have led to huge bills for reconstruction and adding to strains on the government budget.

Pakistan is experiencing balance-of-payments crisis, foreign currency reserves are rapidly declining and there is sharp stress on the rupee's value. These dynamics made interest payments on debt from foreign lenders even more expensive and push the cost of importing goods even higher. The State Bank of Pakistan is constantly elevating the interest rate, which effects the businesses and household.

Overall performance of the Company

During the period ended 31 March 2023, the Company recorded revenue (net) of Rs. 10,509 million, as compared to Rs. 9,277 million registered in the corresponding period of the last year whereas the gross profit for the period is Rs. 4,395 million as compared to Rs. 4,135 million of comparative period of the last year. The profit before tax is Rs. 546 million as compared to profit of Rs. 1,130 million of corresponding period of last year.

Highlights of Performance:

	For the nine months period ended 31 March	
	2023	2022
	[Rupees million]	
Sales and Services – net	10,509	9,277
Gross profit	4,395	4,135
Profit before taxation	546	1,130
Profit after taxation	372	996
Earnings per share (Rupees)	11.43	30.64

Performance of Rooms Department

During the period Rooms Revenue-net was recorded at Rs. 4,465 million as against Rs. 3,726 million of the corresponding period of last year.

Performance of Food & Beverage (F&B) Department

Net revenue from this segment has been recorded at Rs. 5,383 million for the period under review as compared to Rs. 4,986 million of the same period last year.

Performance of Other Related Services/License Fee/ Travel and Tour Division

From this segment of the business net revenue of Rs. 661 million has been achieved as compared to Rs. 565 million of the comparative period.

Prospects

Economic growth is expected to remain slow and below the potential in medium term. The Government faces a difficult policy challenge in maintaining progress towards macroeconomic stabilization and to secure the confidence of international lenders. The Government is to take more hard economic decisions and measures in order to stabilize the fragile economic environment.

Consolidated Results

During the current period, the group recorded a revenue (net) of Rs. 10,802 million as compared to Rs. 9,401 million of the same period last year. Profit after taxation is recorded at Rs. 169 million in comparison with profit of Rs. 824 million of the corresponding period of the previous year.

Acknowledgement

On behalf of the Board, we express our appreciation for the dedication to duty and professional conduct of the employees of the Company, as well as shareholders and stakeholders for their support. We thank the bankers of the Company for the understanding and the cooperation they have extended, and gratitude towards our loyal and confident customers. We all pray for a peaceful, progressive and prosperous Pakistan.

For and on behalf of the Board of Directors,



Murtaza Hashwani
Chief Executive Officer

Islamabad: 26 April 2023



M.A. Bawany
Director

ڈائریکٹرز رپورٹ

محترم حصص داران:

پاکستان سروسز لمیٹڈ (پی ایس ایل) کے بورڈ آف ڈائریکٹرز 31 مارچ 2023 کو ختم ہونے والی نو ماہی مدت میں کمپنی کی کارکردگی اور مالیاتی معلومات کا عبوری خلاصہ پیش کر رہے ہیں۔

اقتصادی جائزہ:

عالمی اقتصادی سرگرمیاں توقع سے زیادہ سست روی کا شکار ہیں۔ افراط زر کی شرح گزشتہ دہائیوں سے زیادہ ہے۔ روس اور یوکرین کی جنگ، روزمرہ زندگی کے اخراجات میں اضافہ، زیادہ تر ممالک میں سخت مالی حالات اور Covid-19 کا دیرپا اثر یہ تمام صورتحال عالمی معاشی حالات پر اثر انداز ہیں۔

پاکستان کی معیشت کو اس وقت زرمبادلہ کے ذخائر اور روپے کی قدر میں کمی کے ساتھ مہنگائی کی بلند شرح کا بھی سامنا ہے۔ مہنگائی کی شرح میں اضافہ سے روزمرہ زندگی کے اخراجات پورے کرنے میں مشکلات ہیں۔ گزشتہ آنے والے سیلاب کے بعد تعمیر نو اور بحالی کے اخراجات کافی زیادہ ہیں جس کی وجہ سے حکومتی بجٹ پر دباؤ ہے۔

پاکستان کو بھاری بیرونی ادائیگیوں کا سامنا ہے، زرمبادلہ کے ذخائر میں کمی کے ساتھ روپے کی قدر پر بھی دباؤ ہے، جسکی وجہ سے غیر ملکی قرضہ جات اور ان پر انٹرسٹ کی ادائیگی مزید مہنگی ہو جاتی ہے، اور درآمدات کی لاگت میں بھی اضافہ ہو جاتا ہے۔ اسٹیٹ بینک آف پاکستان مسلسل شرح سود میں اضافہ کر رہا ہے جبکہ کاروبار اور روزمرہ زندگی پر ہے۔

کمپنی کی مجموعی کارکردگی:

31 مارچ 2023 کو ختم ہونے والی نو ماہی مدت کے دوران کمپنی نے 10,509 ملین روپے کی محصولات (خالص) ریکارڈ کیے ہیں جو گزشتہ سال کے اسی عرصے کے دوران 9,277 ملین روپے تھے۔

کمپنی کا مجموعی منافع 4,395 ملین روپے ہے جو کہ گزشتہ سال کے اسی عرصے میں 4,135 ملین روپے تھا۔ قبل از ٹیکس منافع گزشتہ برس کے اسی عرصے کے 1,130 ملین منافع کے مقابلے میں 546 ملین روپے ریکارڈ کیا گیا۔

کارکردگی کی جھلکیاں:

	نومانی مدت اختتام 31 مارچ	
	2023	2022
	(ملین روپے)	
فروخت اور خدمات (خالص)	10,509	9,277
کل منافع	4,395	4,135
منافع قبل از ٹیکس	546	1,130
منافع بعد از ٹیکس	372	996
فی حصہ آمدنی (روپے میں)	11.43	30.64

رومز ڈیپارٹمنٹ کی کارکردگی:

اس عرصہ کے دوران گزشتہ سال کے اسی عرصہ کے 3,726 ملین روپے کی نسبت آمدنی (خالص) 4,465 ملین روپے ریکارڈ کی گئی۔

فوڈ اینڈ بیورٹیج (F&B) ڈیپارٹمنٹ کی کارکردگی:

اس شعبے کی خالص آمدن 5,383 ملین روپے ریکارڈ کی گئی جو گزشتہ سال اسی عرصے کے مقابلے میں 4,986 ملین روپے تھی۔

دیگر متعلقہ خدمات لائسنس فیس/ٹریپول وٹورز ڈویژن کی کارکردگی:

اس شعبے میں زیر جائزہ عرصے کے دوران میں 661 ملین روپے کی آمدنی (خالص) حاصل کی گئی۔ جو گزشتہ برس کے اسی عرصے کے مقابلے میں 565 ملین روپے تھی۔

مستقبل کے امکانات:

اقتصادی ترقی کی رفتار درمیانی مدت کے دوران سست رہنے کی توقع ہے۔ حکومت کو معیشت کی بہتری کے لیے مشکل پالیسی چیلنج کا سامنا ہے۔

مجموعی نتائج:

زیر جائزہ عرصے کے دوران گروپ نے 10,802 ملین روپے کے محصولات (خالص) ریکارڈ کئے جو گزشتہ سال اسی عرصے میں 9,401 ملین روپے تھے۔ گزشتہ برس کے 824 ملین روپے بعد از ٹیکس منافع کی نسبت موجودہ عرصہ میں 169 ملین روپے منافع ریکارڈ کیا گیا۔

اظہار تشکر:

ہم بورڈ کی جانب سے خصوصی پیشہ ورانہ خدمات کے لیے کمپنی کے عملے کا شکریہ ادا کرتے ہیں اور ہم اپنے معزز مہمانوں کے بھی شکر گزار ہیں، جو ہمیشہ ہماری اور اسٹاف کی حوصلہ افزائی کرتے ہیں تاکہ بہترین پروڈکٹس اور خدمات کی فراہمی میں ان کا مسلسل تعاون اور سرپرستی حاصل رہے۔ ہم ان تمام مشوروں، تعاون اور باہمی ادراک کے لیے حکومتی اداروں اور اپنے کنسلٹنٹس، بینکاروں، مشیران اور شراکت داروں کے ممنون ہیں، جو ہمارے پروگراموں، پروڈیکٹس اور عمومی کاروباری امور میں کامیابی کے لیے انتہائی اہم ہیں۔

منجانب بورڈ آف ڈائریکٹرز

Rawan

ایم۔ اے۔ باوانی

ڈائریکٹر

محمد

مرتضیٰ ہاشوانی

چیف ایگزیکٹو آفیسر

اسلام آباد: 26 اپریل 2023





PEARL-CONTINENTAL HOTEL - BHURBAN



CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED | 31 MARCH 2023

Condensed Interim Unconsolidated Statement of Financial Position

As at 31 March 2023

		Unaudited 31 March 2023	Audited 30 June 2022
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		269,424	269,424
Revenue reserves		8,433,049	5,491,769
Revaluation surplus on property, plant and equipment		36,498,204	39,067,870
Total equity		45,525,919	45,154,305
LIABILITIES			
Loans and borrowings	5	1,200,000	8,451,722
Lease liabilities	6	135,113	213,491
Deferred government grant		-	4,638
Employee benefits		935,231	872,791
Other non current liabilities		221,579	12,934
Non - current liabilities		2,491,923	9,555,576
Short term borrowings	7	1,807,684	2,241,140
Current portion of loans and borrowings	5	10,504,221	4,879,957
Current portion of lease liabilities	6	110,231	100,546
Trade and other payables	8	3,506,303	2,532,060
Contract liabilities		850,986	710,863
Advance against non-current assets held for sale		-	875,000
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		16,790,195	11,350,336
Total equity and liabilities		64,808,037	66,060,217
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.

		Unaudited 31 March 2023	Audited 30 June 2022
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	10	50,167,897	49,534,613
Advance for capital expenditure	11	1,189,656	1,121,685
Intangible asset	12	98,350	123,896
Investment property		80,000	80,000
Long term investments		1,037,794	1,037,794
Advance against equity investment	13	1,874,071	1,874,071
Long term deposits		19,871	21,773
Deferred tax assets-net		389,952	287,702
Non - current assets		54,857,591	54,081,534
Inventories		483,813	394,715
Trade debts		1,075,352	781,041
Contract assets		19,385	27,654
Advances, prepayments, trade deposits and other receivables		750,463	432,135
Short term investments	14	1,140,319	1,753,240
Non-current assets held for sale	15	5,342,453	7,659,099
Advance tax - net		564,532	541,212
Cash and bank balances		574,129	389,587
Current assets		9,950,446	11,978,683
Total assets		64,808,037	66,060,217



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)

For the nine months period ended 31 March 2023

	Note	Three months period ended 31 March		Nine months period ended 31 March	
		2023	2022	2023	2022
[Rupees'000]					
Revenue - net	16	3,549,807	3,512,191	10,509,283	9,276,961
Cost of sales and services	17	[2,016,160]	[1,796,724]	[6,113,989]	[5,142,312]
Gross profit		1,533,647	1,715,467	4,395,294	4,134,649
Other income		44,150	51,962	255,279	124,990
Administrative expenses		[883,489]	[776,183]	[2,784,285]	[2,058,859]
Impairment loss on trade debts		[48,967]	[56,670]	[104,721]	[117,151]
Operating profit		645,341	934,576	1,761,567	2,083,629
Finance income		109,059	74,513	219,731	100,201
Unrealised gain / [loss] on remeasurement of investments to fair value - net		12,030	[86,040]	[49,907]	[77,701]
Finance cost		[446,992]	[367,951]	[1,385,410]	[976,222]
Net finance cost		[325,903]	[379,478]	[1,215,586]	[953,722]
Profit before taxation		319,438	555,098	545,981	1,129,907
Income tax expense		[83,430]	20,969	[174,367]	[133,420]
Profit for the period		236,008	576,067	371,614	996,487
Earnings [per share - basic and diluted] [Rupees]	18	7.26	17.71	11.43	30.64

The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Comprehensive Income (Unaudited)

For the nine months period ended 31 March 2023

	Three months period ended 31 March		Nine months period ended 31 March	
	2023	2022	2023	2022
	[Rupees'000]			
Other comprehensive income for the period	236,008	576,067	371,614	996,487
Total comprehensive income for the period	236,008	576,067	371,614	996,487

The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)

For the nine months period ended 31 March 2023

	Note	Nine months period ended 31 March	
		2023	2022
[Rupees'000]			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operating activities before working capital changes	19	2,535,406	3,073,605
Working capital changes (Increase) / decrease in current assets			
Inventories		(89,098)	(1,601)
Trade debts		(399,032)	(861,706)
Contract assets		8,269	(63,103)
Advances		(24,655)	(12,619)
Trade deposits and prepayments		(80,417)	(37,420)
Other receivables		(153,028)	(41,525)
Increase / (decrease) in current liabilities			
Trade and other payables		974,243	(35,474)
Non current liabilities		208,645	(6,805)
Contract liabilities		140,123	128,435
Cash generated / (used in) operations		585,050	(931,818)
Staff retirement benefit - gratuity paid		(29,014)	(32,066)
Compensated leave absences paid		(22,302)	(17,482)
Income tax paid		(299,937)	(150,897)
Finance cost paid		(1,810,430)	(1,474,799)
Net cash generated from operating activities		958,773	466,543
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(1,317,459)	(666,170)
Advance for capital expenditure		(67,971)	(6,554)
Payment for Intangible asset		-	(60,626)
Proceeds from disposal of property, plant and equipment		62,902	175,308
Equity refunded from subsidiaries		-	743,500
Advance against non-current asset held for sale		-	400,000
Increase in non-current asset held for sale		(309,233)	(233,068)
Proceeds from disposal of non-current asset held for sale		2,337,910	-
Encashment of short term investments		556,000	-
Dividend income received		600	225
Receipts of return on bank deposits and short term investments		157,940	42,185
Long term deposits and prepayments		1,902	6,886
Net cash generated in investing activities		1,422,591	401,686
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(1,688,676)	(340,162)
Lease liabilities paid		(68,693)	(71,708)
Transaction cost paid		-	(8,200)
Net cash used in financing activities		(1,757,369)	(420,070)
Net increase in cash and cash equivalents		623,995	448,159
Cash and cash equivalents at beginning of the period		(1,787,969)	(2,294,564)
Cash and cash equivalents at end of the period	20	(1,163,974)	(1,846,405)

The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2023

	Capital reserves			Revenue reserves		Total Equity
	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	General reserve	Unappropriated profit	
	[Rupees'000]					
Balance at 01 July 2021	325,242	269,424	29,105,049	1,600,000	3,210,061	34,509,776
Impact of change in accounting policy - net of tax	-	-	-	-	[14,775]	[14,775]
Adjusted balance as at 01 July 2021	325,242	269,424	29,105,049	1,600,000	3,195,286	34,495,001
Total comprehensive income for the period						
Profit for the period	-	-	-	-	996,487	996,487
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	996,487	996,487
Balance at 31 March 2022	325,242	269,424	29,105,049	1,600,000	4,191,773	35,491,488
Balance at 01 July 2022	325,242	269,424	39,067,870	1,600,000	3,891,769	45,154,305
Total comprehensive income for the period						
Profit for the period	-	-	-	-	371,614	371,614
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	371,614	371,614
Transfer on disposal of property, plant & equipment	-	-	[2,569,666]	-	2,569,666	-
Balance at 31 March 2023	325,242	269,424	36,498,204	1,600,000	6,833,049	45,525,919

The annexed notes 1 to 23 form an integral part of these condensed interim unconsolidated financial statements.



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

1 THE COMPANY AND ITS OPERATIONS

Pakistan Services Limited (“the Company”) was incorporated on 06 December 1958 in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) as a public limited company and is quoted on Pakistan Stock Exchange Limited. The Company’s registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The Company is principally engaged in the hotel business and owns and manages the chain of Pearl Continental Hotels in Karachi, Lahore, Rawalpindi, Bhurban, and Muzaffarabad Azad Jammu & Kashmir. The Company also grants franchise to use its trade mark and name “Pearl Continental”.

Further, the company is in process of constructing hotels in Multan and Mirpur, Azad Jammu & Kashmir.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard [IAS] 34, Interim Financial Reporting, issued by the International Accounting Standards Board [IASB] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards [IFAS] issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in these interim unconsolidated financial statements do not include the information that was reported in annual audited unconsolidated financial statements and should therefore be read in conjunction with the annual audited unconsolidated financial statements for the year ended 30 June 2022. Comparative condensed interim unconsolidated statement of financial position is extracted from the annual audited unconsolidated financial statements for the year ended 30 June 2022, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from unaudited interim unconsolidated financial statements for the nine months period ended 31 March 2022.

These interim unconsolidated financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

2.1 Going concern basis of accounting

These condensed interim unconsolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations and will discharge its liabilities including repayment of loans and interest thereon, in the normal course of business. Accordingly, these condensed interim unconsolidated financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

Current liabilities of the Company as at 31 March 2023 exceeds its current assets (excluding non-current assets held for sales) by Rs. 12,182 million [30 June 2022: 7,031 million]. This adverse liquidity position is mainly due to increase in cost of borrowing and schedule principal repayments of loans and borrowings respectively.

The Management of the Company expects further improvement in occupancy rate and average daily rate due to increased demand and inflationary pressures. Further to improve the liquidity in the short term the Company has formally submitted a request for restructuring/rescheduling to its lenders. The negotiations are ongoing and the Company expects a positive outcome of these negotiations.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

Management acknowledges that material uncertainty remains over the Company's ability to meet its funding requirements. However, as described above, management has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. If for any reason the Company is unable to continue as going concern, then this could have an impact on the Company's ability to realize assets, and to extinguish its liabilities in the normal course of business.

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2022.

3.2 Accounting estimates and judgments

In preparing these condensed interim unconsolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements of the Company for the year ended 30 June 2022.

Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the management.

Finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Board.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

3.3 Standards, interpretations and amendments to approved accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto effective for accounting periods beginning on or after 01 January 2023 :

- Amendments to IAS 1: Presentation of Financial Statements	[effective 01 January 2023]
- Amendments to IAS 8: Accounting policies, Changes in accounting estimates and error	[effective 01 January 2023]
- Amendments to IAS 12: Income Taxes	[effective 01 January 2023]

The above amendments are not likely to have an impact on the Company's interim unconsolidated financial statements.

4 SHARE CAPITAL

There is no change in the authorised, issued, subscribed and paid up share capital of the Company from 30 June 2022.

	Unaudited 31 March 2023	Audited 30 June 2022
	[Rupees'000]	
5 LOANS AND BORROWINGS - Secured		
a. Non - current portion		
Term Finance Loan - 1	478,785	534,035
Term Finance Loan - 2	1,452,840	1,662,520
Term Finance Loan - 3	1,333,333	1,765,539
Term Finance Loan - 4	1,600,000	1,800,000
Term Finance Loan - 5	-	147,884
Sukuk	5,751,166	6,390,184
Transaction cost	[19,888]	[27,080]
	10,596,236	12,273,082
Current portion of loans	[9,396,236]	[3,970,016]
	1,200,000	8,303,066
Markup accrued - non current	-	148,656
	1,200,000	8,451,722
b. Current portion		
Current portion of loans	9,396,236	3,970,016
Markup accrued	1,107,985	909,941
	10,504,221	4,879,957

5.1 The markup rates, facility limits and securities offered for long term financing facilities are the same as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2022 except as follows:

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

During the period the Company approached to the financial institutions for rescheduling/restructuring of its existing outstanding loan amounts along with markup and unpaid installments, the terms and conditions along with tenour are under discussion and management expects the rescheduling/restructuring of this financing arrangements to be finalized in the near future.

In view of the request, the company did not pay its due amount of principal repayment of loans and borrowings. Although the company believes that lender were informed prior to repayment date and hence these installments will not result in early repayment of entire amount of borrowings. However to strictly comply with requirements of accounting and reporting standards as applicable in Pakistan, the amount of loans have been classified as current.

	Unaudited 31 March 2023	Audited 30 June 2022
	[Rupees'000']	
6 LEASE LIABILITIES		
Opening	314,037	218,528
Interest expenses	17,654	23,031
Additions during the period/ year	-	201,708
Lease payments	[86,347]	[129,230]
Closing	<u>245,344</u>	<u>314,037</u>
Current portion	<u>110,231</u>	<u>100,546</u>
Non-current portion	<u>135,113</u>	<u>213,491</u>

6.1 The current payable amount to related party is Rs. 3.20 million (30 June 2022: Rs. 3.60 million)

		Unaudited 31 March 2023	Audited 30 June 2022
		[Rupees'000']	
7 SHORT TERM BORROWINGS - secured			
Running finance facilities - banking companies	7.1	1,735,714	2,176,245
Markup accrued		71,970	64,895
		<u>1,807,684</u>	<u>2,241,140</u>

7.1 The facility limits, securities offered and markup rates of these short term borrowings are the same as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2022 except settlement of facility of Rs. 500 million.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

		Unaudited 31 March 2023	Audited 30 June 2022
		[Rupees'000]	
8	TRADE AND OTHER PAYABLES		
	Creditors	1,451,061	1,041,802
	Accrued liabilities	744,491	557,666
	Shop deposits	50,075	53,575
	Retention money	153,561	170,161
	Due to related parties - unsecured	121,021	23,509
	Sales tax payable	261,959	222,062
	Income tax deducted at source	4,792	6,941
	Unearned income	9,339	58,409
	Other liabilities	710,004	397,935
		3,506,303	2,532,060

8.1 This includes amount of Rs. 20.74 million (30 June 2022: Rs. 22.47 million) payable to director, further this also includes an amount of Rs. 450 million received on account of disposal of shares held by the company.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 There is no change in the contingent liabilities as reported in the annual audited unconsolidated financial statements for the year ended 30 June 2022 except for the following:

		Unaudited 31 March 2023	Audited 30 June 2022
		[Rupees'000]	
	Note		
9.1.2	Guarantees	369,069	369,069
9.2	Commitments		
	Commitments for capital expenditure	2,884,544	2,747,885
10	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	45,619,884	45,803,771
	Capital work in progress	4,548,013	3,730,842
		50,167,897	49,534,613
10.1	Operating fixed assets		
	Carrying amount at beginning of the period / year	45,803,771	36,036,481
	Additions during the period / year	57,892	257,108
	Transfer from Capital work in progress	442,395	918,301
	Revaluation surplus	-	10,131,256
	Asset classified as held for sale	-	[365,815]
	Disposal during the period / year	[30,999]	[222,254]
	Depreciation charge for the period / year	[653,175]	[951,306]
	Carrying amount at end of the period / year	45,619,884	45,803,771

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

	Unaudited 31 March 2023	Audited 30 June 2022
10.2 Capital work in progress	Note	[Rupees'000]
Carrying amount at beginning of the period / year	3,730,842	3,679,837
Additions during the period / year	1,259,566	969,306
Transferred to operating fixed assets	[442,395]	[918,301]
Carrying amount at end of the period / year	10.2.1 4,548,013	3,730,842
10.2.1 Closing capital work in progress represents:		
Construction of Pearl Continental Mirpur	3,643,928	3,661,460
Other civil works	904,085	69,382
	4,548,013	3,730,842

10.2.2 Additions in and depreciation on property, plant and equipment during the nine months period ended 31 March 2022 were Rs. 407.040 million and Rs. 702.733 million respectively.

	Unaudited 31 March 2023	Audited 30 June 2022
11 ADVANCE FOR CAPITAL EXPENDITURE	Note	[Rupees'000']
Advance for purchase of land	11.1 666,820	666,820
Advance for purchase of Malir Delta Land	11.2 381,656	381,656
Impairment loss	[40,000]	[40,000]
	1,008,476	1,008,476
Advance for purchase of apartment	40,509	40,509
Impairment loss	[40,509]	[40,509]
	-	-
Advance for purchase of fixed assets	47,965	34,183
Advances for Pearl Continental Mirpur Project	133,215	79,026
	181,180	113,209
	1,189,656	1,121,685

11.1 This includes amount of Rs. 626.82 million [30 June 2022: Rs. 626.82 million] paid to a related party, Associated Builders (Private) Limited, for purchase of tourist site piece(s) of land measuring 7.29 acres in Gwadar, in previous years, the Securities and Exchange Commission of Pakistan (SECP) has imposed penalty on the Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated company' and also directed the Company to place the matter before the shareholders of the Company in the general meeting and seek their approval in terms of section 199 of the Companies Act, 2017. The directors of the Company has filed an appeal in the Honorable Islamabad High Court against the order of SECP. Simultaneously, without prejudice to the right of the Appelants, the management and Board have complied with the directions of SECP in this regard.

11.2 This represents amount paid for purchase of 1/3rd share [113.34 acres of land] from Ms. Seema Tressa Gill's situated in Deh Dih in the Delta of Malir River. The Company relying upon the representation of good title by Ms.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

Seema Tressa Gill entered into a Agreement to Sale with her 1/3rd share [113.34 acres land] against a total sale consideration of Rs 80 million which was followed by registered documents inter-alia includes a Deed of Conveyance. The relevant documents provide for indemnification by the Seller's against all losses, detriments occasioned to or sustained/suffered by the Purchaser due to any defect in the title of the Seller. The Company also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Govt. of Sindh on her behalf through Challan.

Legal proceedings of the above said piece of land were instituted in the Courts of Law, the Company being aggrieved and dissatisfied with a impugned judgment of High Court against dismissal of its Constitution Petition has filed a Civil Petition for Leave to Appeal [CPLA] before Hon'ble Supreme Court of Pakistan and presently the matter is pending adjudication before the Apex Court and Company is diligently pursuing the same. The Company is hopeful of a favorable result. However, even if there is an adverse decision as per legal opinion, the Company would be entitled to recover the amounts from the Seller as well as from the relevant Government Department. In this regard the paid Challan for regularization fee also states that "Subject to the condition that the land in question is available on site and the lease money may be deposited into Government Treasury in the relevant Head of Accounts by the depositor at his own risk. In case if any irregularity/false information/concealment of facts / stay of court is noticed hereafter, the malkano amount paid to this effect by the depositor shall be reimbursed.

	Unaudited 31 March 2023	Audited 30 June 2022
	[Rupees'000']	
12 INTANGIBLE ASSET		
Software	98,350	123,896
Cost		
Opening balance	200,180	107,978
Additions	-	92,202
Closing balance	200,180	200,180
Accumulated amortisation		
Opening balance	76,284	32,393
Amortisation charge	25,546	43,891
Closing balance	101,830	76,284
Net book value		
Cost	200,180	200,180
Accumulated amortisation	(101,830)	(76,284)
Closing balance	98,350	123,896
Amortisation rate per annum	30%	30%

13 ADVANCE AGAINST EQUITY INVESTMENT

This represents advance against equity investment of Rs. 1,143.07 million [30 June 2022: Rs. 1,143.07 million] and Rs. 731 million [30 June 2022: Rs. 731 million] extended by the Company to its wholly owned subsidiary companies City Properties (Private) Limited and Elite Properties (Private) Limited respectively.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

14	SHORT TERM INVESTMENTS	Note	Unaudited	Audited
			31 March 2023	30 June 2022
			[Rupees'000']	
<i>Amortized cost</i>				
	Certificate of investments		-	5,300
	Allowance for Impairment loss		-	(5,300)
<i>Fair value through other comprehensive income</i>				
	National Technology Development Corporation Limited		200	200
	Indus Valley Solvent Oil Extraction Limited		500	500
	Allowance for Impairment loss		(700)	(700)
<i>Amortized cost</i>				
	Term deposit receipt		637,579	1,193,579
	Term Finance certificate		75,000	75,000
	Accrued interest		2,394	9,407
			714,973	1,277,986
<i>Financial assets at fair value through profit or loss</i>				
	Shares of listed Companies	14.1	425,346	475,254
			1,140,319	1,753,240

14.1 This mainly includes investment in an associated company having carrying value of Rs. 418.876 million (30 June 2022: Rs. 468.262 million).

14.1.1 Out of total shares 15,056,661 held by the Company in an associated company, 15,000,000 (30 June 2022: 15,000,000) ordinary shares are placed / lien marked as security against running finance facility availed by the Company.

15	NON CURRENT ASSET HELD FOR SALE	Note	Unaudited	Audited
			31 March 2023	30 June 2022
			[Rupees'000']	
	Property-Survey No. 32-B, Khyber Road, Peshawar	15.1	-	3,114,554
	Under Construction Hotel Pearl Continental Multan		5,342,453	4,544,545
			5,342,453	7,659,099

15.1 During the period the property has been disposed off.

16	REVENUE - NET	Note	Three months period ended 31 March		Nine months period ended 31 March	
			2023	2022	2023	2022
			[Rupees'000']			
	Rooms		1,887,818	1,721,297	5,350,707	4,351,681
	Food and beverages		2,016,918	2,125,239	6,209,090	5,871,290
	Other related services	16.1	247,748	203,085	746,687	620,636
	Fee revenue from franchise & management properties		39,338	16,621	68,807	48,176
	Shop license fees		10,966	15,391	36,344	45,465
			4,202,788	4,081,633	12,411,635	10,937,248
	Discounts		(95,157)	(29,751)	(252,882)	(211,334)
	Sales tax		(557,824)	(539,691)	(1,649,470)	(1,448,953)
			3,549,807	3,512,191	10,509,283	9,276,961

16.1 This includes revenue from telephone, laundry, discount cards and other ancillary services.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

	Three months period ended 31 March		Nine months period ended 31 March	
	2023	2022	2023	2022
17 COST OF SALES AND SERVICES	[Rupees'000]			
Food and beverages				
Opening balance	170,326	130,621	150,527	92,327
Purchases during the period	630,862	621,759	1,911,050	1,733,485
Closing balance	(169,325)	(114,056)	(169,325)	(114,056)
Consumption during the period	631,863	638,324	1,892,252	1,711,756
Direct expenses				
Salaries, wages and benefits	536,598	400,602	1,554,926	1,153,128
Heat, light and power	292,107	269,355	1,115,903	834,837
Repair and maintenance	117,931	104,643	338,413	276,725
Depreciation	176,588	192,091	535,489	583,397
Amortization	7,180	12,516	22,991	30,770
Guest supplies	75,439	60,328	211,744	187,994
Linen, china and glassware	39,327	29,618	107,797	90,185
Communication	2,193	1,883	8,101	6,429
Laundry and dry cleaning	18,206	14,252	55,935	52,600
Banquet and decoration	17,065	18,085	55,759	55,908
Transportation	12,420	15,740	36,160	32,234
Uniforms	4,436	3,201	16,167	10,778
Music and entertainment	4,186	3,580	13,285	10,723
Others	80,621	32,506	149,067	104,848
	2,016,160	1,796,724	6,113,989	5,142,312
18 EARNINGS PER SHARE				
Profit for the period (Rupees '000)	236,008	576,067	371,614	996,487
Weighted average number of ordinary shares (Numbers)	32,524,170	32,524,170	32,524,170	32,524,170
Earnings per share - basic (Rupees)	7.26	17.71	11.43	30.64
18.1	There is no dilution effect on the basic earnings per share of the Company.			
19 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES			Nine months period ended 31 March	
			2023	2022
			[Rupees'000]	
Profit before tax			545,981	1,129,907
Adjustments for:				
Depreciation			653,175	702,733
Amortization			25,546	34,189
Gain/(loss) on disposal of property, plant and equipment			(31,903)	6,031
Gain on disposal of non-current assets held for sale			(98,356)	-
Provision for staff retirement benefit - gratuity			90,937	78,976
Provision for compensated leave absences			22,820	54,981
Impairment loss on trade debts			104,721	117,151
Return on bank deposits / certificate of investments			(152,005)	(43,834)
Finance cost			1,385,410	976,222
Dividend income			(60,827)	(60,452)
Unrealised [loss]/ gain on remeasurement of investments to fair value			49,907	77,701
			2,535,406	3,073,605

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

20 CASH AND CASH EQUIVALENTS	Nine months period ended 31 March	
	2023	2022
	[Rupees'000]	
Cash and bank balances	574,129	300,883
Short term borrowings	(1,807,684)	(2,195,503)
Accrued markup on short term borrowings	71,970	49,483
Accrued profit on bank deposits	(2,389)	(1,268)
	<u>(1,163,974)</u>	<u>(1,846,405)</u>

21 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated and subsidiary companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and provident fund. Detail of transactions and balances with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Nine months period ended 31 March	
	2023	2022
	[Rupees'000]	
Transactions with subsidiary companies		
Sales	2,652	2,163
Services provided	10,536	11,611
Services availed	98,254	64,948
Refund of Advance against equity investment	-	743,500
Fund received/current account	-	20,000
Fund repaid/current account	-	20,000
Balances as at the period end:		
- Trade debts	13,223	* 6,689
- Long term investments	1,037,794	*1,037,794
- Advances, deposits, prepayments and other receivables	241	-
Transactions with associated undertakings		
Sales	2,152	336
Services provided	10,097	14,299
Services availed	416,149	292,903
Purchases	167,645	59,952
Franchise fee - income	4,202	3,640
Dividend income	60,227	60,452
Purchase of Fixed asset	11,109	-
Sale of Fixed asset	10,241	-
Balances as at the period end:		
- Trade debts	17,621	*5,935
- Advances, deposits, prepayments and other receivables	23,545	*11,846
- Dividend Receivable	60,227	-
Transactions with other related parties		
Sales	325	923
Services provided	81	144
Services availed	28,808	2,803
Contribution to defined contribution plan - provident fund	46,191	39,130
Balances as at the period end:		
- Trade debts	839	*1,245
- Advance for capital expenditure	626,820	*626,820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	362,635	281,801
Other receivables	495	*794
Payable to key management personnel	20,746	*22,470

* Represents balances as at 30 June 2022.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

22 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

22.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount			Fair value				
		Financial Assets		Financial Liabilities	Amount in Rs'000				
		Fair value through profit or loss	Amortized cost	Amortized cost	Total	Level 1	Level 2	Level 3	Total
31 March 2023									
Financial assets measured at fair value									
Shares of listed Companies	14	425,346	-	-	425,346	425,346	-	-	425,346
Long term deposits		19,871	-	-	19,871	-	-	-	-
Short term deposits		21,683	-	-	21,683	-	-	-	-
		<u>466,900</u>	<u>-</u>	<u>-</u>	<u>466,900</u>	<u>425,346</u>	<u>-</u>	<u>-</u>	<u>425,346</u>
Financial assets not measured at fair value									
Trade debts	22.2	-	1,075,352	-	1,075,352	-	-	-	-
Contract assets		-	19,385	-	19,385	-	-	-	-
Advance to employees		-	17,030	-	17,030	-	-	-	-
Other receivables		-	311,873	-	311,873	-	-	-	-
Short term investments	14	-	712,579	-	712,579	-	-	-	-
Accrued interest		-	9,883	-	9,883	-	-	-	-
Cash and bank balances		-	574,129	-	574,129	-	-	-	-
		<u>-</u>	<u>2,720,231</u>	<u>-</u>	<u>2,720,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Loans and borrowings	22.2	-	-	11,724,109	11,724,109	-	-	-	-
Other non current liabilities	5	-	-	221,579	221,579	-	-	-	-
Short term borrowings	7	-	-	1,807,684	1,807,684	-	-	-	-
Lease liabilities	6	-	-	245,344	245,344	-	-	-	-
Trade and other payables	22.3	-	-	3,230,213	3,230,213	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>17,239,699</u>	<u>17,239,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2022									
Financial assets measured at fair value									
Short term investments	14	475,254	-	-	475,254	475,254	-	-	475,254
Long term deposits		21,773	-	-	21,773	-	-	-	-
Short term deposits		16,095	-	-	16,095	-	-	-	-
		<u>513,122</u>	<u>-</u>	<u>-</u>	<u>513,122</u>	<u>475,254</u>	<u>-</u>	<u>-</u>	<u>475,254</u>
Financial assets not measured at fair value									
Trade debts	22.2	-	781,041	-	781,041	-	-	-	-
Contract assets		-	27,654	-	27,654	-	-	-	-
Advance to employees		-	5,044	-	5,044	-	-	-	-
Other receivables		-	120,069	-	120,069	-	-	-	-
Short term investments	14	-	1,268,579	-	1,268,579	-	-	-	-
Cash and bank balances		-	389,587	-	389,587	-	-	-	-
		<u>-</u>	<u>2,591,974</u>	<u>-</u>	<u>2,591,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Loans and borrowings	22.2	-	-	13,358,759	13,358,759	-	-	-	-
Other non current liabilities	5	-	-	12,934	12,934	-	-	-	-
Short term borrowings	7	-	-	2,241,140	2,241,140	-	-	-	-
Lease liabilities	6	-	-	314,037	314,037	-	-	-	-
Trade and other payables	22.3	-	-	2,244,648	2,244,648	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		<u>-</u>	<u>-</u>	<u>18,182,288</u>	<u>18,182,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

- 22.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, because their carrying amounts are reasonable approximation of fair value.
- 22.3 It excludes, federal excise duty, bed tax and sales tax payable, banquet / beverage tax, unearned income and income tax deducted at source.
- 23 DATE OF AUTHORISATION FOR ISSUE**
- 23.1 These condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in its meeting held on 26 April 2023.



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer



PEARL-CONTINENTAL HOTEL - BHURBAN



**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
(UNAUDITED)**

FOR THE NINE MONTHS PERIOD ENDED | 31 MARCH 2023

Condensed Interim Consolidated Statement of Financial Position

As at 31 March 2023

		Unaudited 31 March 2023	Audited 30 June 2022
	Note	[Rupees'000]	
EQUITY			
Share capital	4	325,242	325,242
Capital reserve		145,070	145,070
Revenue reserves		6,840,288	4,055,165
Revaluation surplus on property, plant and equipment		36,498,205	39,067,871
Equity attributable to owners		43,808,805	43,593,348
Non-controlling interest		154,652	186,344
Total equity		43,963,457	43,779,692
LIABILITIES			
Loans and borrowings	5	1,568,999	8,730,771
Lease liabilities	6	202,909	301,591
Deferred government grant		-	4,638
Employee benefits		996,464	945,299
Deferred tax liability - net		101,933	204,411
Other non current liabilities		221,579	12,934
Non - current liabilities		3,091,884	10,199,644
Short term borrowings	7	2,746,751	3,047,607
Current portion of loans and borrowings	5	10,597,781	4,940,595
Current portion of lease liabilities	6	141,323	135,726
Trade and other payables	8	3,839,636	2,843,806
Contract liabilities		1,000,986	864,663
Advance against non-current assets held for sale		-	875,000
Unpaid dividend		1,528	1,528
Unclaimed dividend		9,242	9,242
Current liabilities		18,337,247	12,718,167
Total equity and liabilities		65,392,588	66,697,503
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes 1 to 23 form an integral part of these condensed interim consolidated financial statements.

		Unaudited 31 March 2023	Audited 30 June 2022
	Note	[Rupees'000]	
ASSETS			
Property, plant and equipment	10	50,389,549	49,695,181
Intangible asset	11	667,744	635,112
Advance for capital expenditure	12	1,189,656	1,203,165
Investment property		80,000	80,000
Long term investments		1,080,879	1,130,265
Advance against equity investment	13	189,402	189,402
Long term deposits and prepayments		51,552	52,518
Non - current assets		53,648,782	52,985,643
Inventories		509,761	407,862
Development properties		1,855,487	1,855,487
Trade debts		1,138,232	833,185
Contract assets		19,385	27,654
Advances, prepayments, trade deposits and other receivables		921,612	512,862
Short term investments	14	725,147	1,288,350
Non current assets held for sale	15	5,342,453	7,659,099
Advance tax - net		609,029	577,635
Cash and bank balances		622,700	549,726
Current assets		11,743,806	13,711,860
Total assets		65,392,588	66,697,503



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)

For the nine months period ended 31 March 2023

	Note	Three months period ended 31 March		Nine months period ended 31 March	
		2023	2022	2023	2022
[Rupees'000]					
Revenue - net	16	3,603,298	3,581,757	10,801,592	9,401,435
Cost of sales and services	17	[2,080,408]	[1,869,629]	[6,373,565]	[5,262,448]
Gross profit		1,522,890	1,712,128	4,428,027	4,138,987
Other income		45,134	51,986	272,077	125,154
Administrative expenses		[948,122]	[836,639]	[2,981,666]	[2,210,169]
Other expenses/ reversal		36,263	[43,189]	[63,566]	[67,213]
Impairment loss on trade debts		[48,967]	[56,670]	[104,721]	[117,151]
Operating profit		607,198	827,616	1,550,151	1,869,608
Finance income		49,483	16,268	162,968	43,913
Unrealised loss on remeasurement of investments to fair value - net		[316]	[217]	[521]	[1,664]
Finance cost		[466,029]	[379,667]	[1,436,813]	[1,011,212]
Net finance cost		[416,862]	[363,616]	[1,274,366]	[968,963]
Share of profit in equity accounted investments		36,310	25,260	74,407	59,070
Profit before taxation		226,646	489,260	350,192	959,715
Income tax expense		[85,498]	18,368	[180,827]	[136,191]
Profit for the period		141,148	507,628	169,365	823,524
Profit / [Loss] attributable to:					
Owners of the Company		162,934	526,898	215,457	868,222
Non-controlling interests		[21,786]	[19,270]	[46,092]	[44,698]
		141,148	507,628	169,365	823,524

The annexed notes 1 to 23 form an integral part of these condensed interim consolidated financial statements.



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months period ended 31 March 2023

	Three months period ended 31 March		Nine months period ended 31 March	
	2023	2022	2023	2022
	[Rupees'000]			
Profit for the period	141,148	507,628	169,365	823,524
Other comprehensive income for the period	-	[7,667]	-	[7,667]
Total comprehensive income for the period	141,148	499,961	169,365	815,857
Total comprehensive income- (loss) attributable to:				
Owners of the Company	162,934	519,231	215,457	860,555
Non-controlling interests	[21,786]	[19,270]	[46,092]	[44,698]
	141,148	499,961	169,365	815,857

The annexed notes 1 to 23 form an integral part of these condensed interim consolidated financial statements.



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

For the nine months period ended 31 March 2023

	Note	Nine months period ended 31 March	
		2023	2022
		[Rupees'000]	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows from operating activities before working capital changes	18	2,402,567	2,979,871
Working capital changes			
[(Increase) / decrease in current assets]			
Inventories		(101,899)	(11,815)
Development properties		-	(79,239)
Trade debts		(409,768)	(906,488)
Contract assets		8,269	(63,103)
Advances		(61,644)	11,629
Trade deposits and prepayments		(118,010)	(36,840)
Other receivables		(168,869)	(42,151)
Increase / (decrease) in current liabilities			
Trade and other payables		995,830	178,073
Non current liabilities		208,645	(6,805)
Contract liabilities		136,323	925,435
Cash generated / (used in) from operations		488,877	(31,304)
Staff retirement benefit - gratuity paid		(42,829)	(32,298)
Compensated leave absences paid		(22,581)	(17,560)
Income tax paid		(314,698)	(155,761)
Finance cost paid		(1,827,027)	(1,478,552)
Net cash generated from operating activities		684,309	1,264,396
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(1,403,255)	(688,925)
Advance for capital expenditure		13,509	(52,308)
Payment for Intangible asset		(59,450)	(382,343)
Proceeds from disposal of property, plant and equipment		84,775	175,309
Acquisition of a subsidiary, net of cash		-	(342,119)
Advance against equity investment		-	560,699
Encashment of short term investments		555,670	(442)
Advance against asset held for sale		-	400,000
Proceed from disposal of asset held for sale		2,337,910	-
Addition in asset held for sale		(309,233)	(233,068)
Dividend income received		600	225
Receipts of return on bank deposits and short term investments		161,477	46,155
Long term deposits and prepayments		966	(26,260)
Net cash generated / (used in) investing activities		1,382,969	(543,077)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(1,690,610)	(342,966)
Proceeds from short term loan		132,600	375,878
Proceeds from long term financing		90,000	-
Advance against issuance of shares		14,400	40,686
Lease liabilities paid		(101,167)	(91,674)
Transaction cost paid		-	(8,200)
Net cash used in financing activities		(1,554,777)	(26,276)
Net increase in cash and cash equivalents		512,501	695,044
Cash and cash equivalents at beginning of the period		(1,627,920)	(2,184,209)
Cash and cash equivalents at end of the period	19	(1,115,419)	(1,489,165)

The annexed notes 1 to 23 form an integral part of these condensed interim consolidated financial statements.



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2023

	Share capital	Share premium	Acquisition reserve	Share of associate's capital reserve	Revenue reserves				Surplus on revaluation of property, plant and equipment	Total	Non controlling Interest	Total Equity
					General reserve	Exchange translation reserve (net of tax)	Share of other OCI items of associate	Unappropriated profit				
(Rupees'000)												
Balance at 01 July 2021	325,242	269,424	-	147,221	1,600,000	1,050,550	49,004	1,244,304	29,105,050	33,790,795	187,871	33,978,666
Impact of change in accounting policy								(14,775)	-	(14,775)	-	(14,775)
Adjusted balance at 01 July 2021	325,242	269,424	-	147,221	1,600,000	1,050,550	49,004	1,229,529	29,105,050	33,776,020	187,871	33,963,891
Total comprehensive income for the period												
Profit/ (loss) for the period	-	-	-	-	-	-	(7,667)	868,222	-	860,555	(44,698)	815,857
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	-	40,686	40,686
NCI on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	(74,328)	(74,328)
Total comprehensive income for the period	-	-	-	-	-	-	(7,667)	868,222	-	860,555	(78,340)	782,215
Balance at 31 March 2022	325,242	269,424	-	147,221	1,600,000	1,050,550	41,337	2,097,751	29,105,050	34,636,575	109,531	34,746,106
Balance at 01 July 2022	325,242	269,424	(271,575)	147,221	1,600,000	1,468,847	27,840	958,478	39,067,871	43,593,348	186,344	43,779,692
Total comprehensive income for the year												
Profit/ (loss) for the period	-	-	-	-	-	-	-	215,457	-	215,457	(46,092)	169,365
Advance against issuance of shares	-	-	-	-	-	-	-	-	-	-	14,400	14,400
NCI on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	215,457	-	215,457	(31,692)	183,765
Transfer on disposal of property, plant & equipment	-	-	-	-	-	-	-	2,569,666	(2,569,666)	-	-	-
Balance at 31 March 2023	325,242	269,424	(271,575)	147,221	1,600,000	1,468,847	27,840	3,743,601	36,498,205	43,808,805	154,652	43,963,457

The annexed notes 1 to 23 form an integral part of these condensed interim consolidated financial statements.



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

1 THE GROUP AND ITS OPERATIONS

Pakistan Services Limited (“the Parent Company”) was incorporated on 06 December 1958 in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) as a public limited Company and is quoted on Pakistan Stock Exchange Limited. The Parent Company’s registered office is situated at 1st Floor, NESPAK House, Sector G-5/2, Islamabad. The Parent Company is principally engaged in the hotel business and owns and manages the chain of Pearl Continental Hotels in Karachi, Lahore, Rawalpindi, Bhurban, and Muzaffarabad Azad Jammu & Kashmir. The Parent Company also grants franchise to use its trade mark and name “Pearl Continental”.

Further, the Parent Company is in the process of constructing hotels in Multan and Mirpur, Azad Jammu & Kashmir.

These condensed interim consolidated financial statements includes the condensed interim financial statements of the Parent Company and the following Subsidiary Companies together constituting “the Group”:

Subsidiary Companies	Nature of business	Holding
Pearl Tours and Travels (Private) Limited	Rent-a-car, tour packages and travel related work	100%
Pearl Continental Hotels (Private) Limited	Non-operational	100%
City Properties (Private) Limited	Real Estate Development	100%
Elite Properties (Private) Limited	Real Estate Development	100%
Invency (Private) Limited (through CPPL)	Conglomerate	78%

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in these interim consolidated financial statements do not include the information that was reported in annual audited consolidated financial statements and should therefore be read in conjunction with the annual audited consolidated financial statements for the year ended 30 June 2022. Comparative condensed interim consolidated statement of financial position is extracted from the annual audited consolidated financial statements for the year ended 30 June 2022, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from unaudited interim consolidated financial statements for the nine months period ended 31 March 2022.

These interim consolidated financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

2.1 Going concern basis of accounting

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue its operations and will discharge its liabilities including repayment of loans and interest thereon, in the normal course of business. Accordingly, these condensed interim consolidated financial statements do not include any adjustments to the carrying amounts and classification

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

Current liabilities of the Group as at 31 March 2023 exceeds its current assets (excluding non-current assets held for sales) by Rs. 11,936 million (30 June 2022: 6,667 million). This adverse liquidity position is mainly due to cash outflows attributable to increase in cost of borrowing and schedule principal repayments of loans and borrowings respectively.

The Group expects further improvement in occupancy rate and average daily rate due to increased demand and inflationary pressures. Further to improve the liquidity in the short term the Parent Company has formally submitted a request for restructuring/rescheduling to its lenders. The negotiation are ongoing and the Parent Company expects a positive outcome of these negotiation.

Management acknowledges that material uncertainty remains over the Group's ability to meet its funding requirements. However, as described above, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. If for any reason the Group is unable to continue as going concern, then this could have an impact on the Group's ability to realize assets, and to extinguish its liabilities in the normal course of business.

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the financial statements of the Group for the year ended 30 June 2022.

3.2 Accounting estimates and judgments

In preparing these condensed interim consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements of the Parent Company for the year ended 30 June 2022.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the management.

Finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Board.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly [i.e. as prices] or indirectly [i.e. derived from prices].

Level 3: inputs for the asset or liability that are not based on observable market data [unobservable inputs].

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.3 Standards, interpretations and amendments to approved accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2023 :

- Amendments to IAS 1: Presentation of Financial Statements	[effective 01 January 2023]
- Amendments to IAS 8: Accounting policies, Changes in accounting estimates and error	[effective 01 January 2023]
- Amendments to IAS 12: Income Taxes	[effective 01 January 2023]

The above amendments are not likely to have an impact on these interim consolidated financial statements.

4 SHARE CAPITAL

There is no change in the authorized, issued, subscribed and paid up share capital of the Parent Company from 30 June 2022.

		Unaudited 31 March 2023	Audited 30 June 2022
5 LOANS AND BORROWINGS - Secured	Note	(Rupees'000)	
a. Non - current portion			
Term Finance Loan - 1		478,785	534,035
Term Finance Loan - 2		1,452,840	1,662,520
Term Finance Loan - 3		1,333,333	1,765,539
Term Finance Loan - 4		1,600,000	1,800,000
Term Finance Loan - 5		-	149,818
Term Finance Loan - 6	5.2	90,000	-
Sukuk		5,751,166	6,390,184
Preference Shares		279,000	279,000
Transaction cost		[19,888]	[27,080]
		10,965,236	12,554,016
Current portion of loans		[9,396,237]	[3,971,901]
		1,568,999	8,582,115
Markup accrued		-	148,656
		1,568,999	8,730,771
b. Current portion			
Current portion of loans		9,396,237	3,971,901
Markup accrued		1,201,544	968,694
		10,597,781	4,940,595

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

- 5.1 The markup rates, facility limits and securities offered for long term financing facilities are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2022 except as follows:

During the period the Parent Company approached to the financial institutions for rescheduling/restructuring of its existing outstanding loan amounts along with deferred markup and unpaid installments, the terms and conditions along with tenour are under discussion and management expects the rescheduling/restructuring of these financing arrangements to be finalized in the near future.

In view of the request, the parent company did not pay its due amount of principal repayment of loans and borrowings. Although the company believes that lender were informed prior to repayment date and hence these installments will not result in early repayment of entire amount of borrowings. However to strictly comply with requirements of accounting and reporting standards as applicable in Pakistan, the amount of loans have been classified as current.

- 5.2 This represent a partial disbursement of Rs. 90 million from total long term finance arrangement of Rs. 200 million availed by the Group during the period. The loan is repayable in eight equal quarterly installments with grace period of one year. The facility carries markup of of 3-months KIBOR plus 2.75% per annum payable quarterly. Repayments of the facility will commence from January 2024. This long-term financing facility is secured by way of first pari passu hypothecation charge on all present and future current & fixed / tangible & intangible / movable & immovable assets, license, rights, intellectual rights / properties / patents / of a subsidiary company and pledge shares equivalent to the facility amount with 50% margin and personal guarantee of a Director of the Parent Company and Director of a subsidiary company.

6	LEASE LIABILITIES	Note	Unaudited	Audited
			31 March 2023	30 June 2022
			[Rupees'000']	
	Opening		437,317	239,657
	Additions during the period/ year		8,082	330,585
	Interest		30,679	27,537
	Payments		(131,846)	(160,462)
	Closing		344,232	437,317
	Current portion		141,323	135,726
	Non-current portion		202,909	301,591
7	SHORT TERM BORROWINGS - secured			
	Running finance facilities - banking companies	7.1	1,735,714	2,176,245
	Short term loan - unsecured	7.2	939,067	806,467
	Markup accrued		71,970	64,895
			2,746,751	3,047,607

- 7.1 The facility limits, securities offered and markup rates of these short term borrowings are the same as disclosed in the annual audited consolidated financial statements of the Group for the year ended 30 June 2022 except settlement of facility of Rs. 500 million.

- 7.2 This includes loan from directors Rs. 672.038 million (30 June 2022: 539.44 million) and from related parties Rs. 267.03 million (30 June 2022 : Rs. 267.03 million).

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

		Unaudited 31 March 2023	Audited 30 June 2022
		[Rupees'000]	
8	TRADE AND OTHER PAYABLES		
	Creditors	1,538,695	1,100,660
	Accrued liabilities	848,109	620,803
	Shop deposits	50,075	53,575
	Retention money	153,561	170,161
	Due to related parties - unsecured	116,734	35,346
	Sales tax payable-net	261,959	222,063
	Income tax deducted at source	35,125	42,760
	Unearned income	9,339	58,409
	Payable to provident fund	7,877	7,877
	Other liabilities	818,162	532,152
		3,839,636	2,843,806

8.1 This includes amount of Rs. 20.75 million [30 June 2022: Rs. 22.47 million] payable to director of the Parent Company, further this also includes an amount of Rs. 450 million received on account of disposal of shares held by the Parent Company.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 There is no change in the contingent liabilities as reported in the annual audited consolidated financial statements of the Group for the year ended 30 June 2022 except for the following:

		Unaudited 31 March 2023	Audited 30 June 2022
		[Rupees'000]	
	Note		
9.1.2	Guarantees	370,205	403,416
9.2	Commitments		
	Commitments for capital expenditure	2,763,551	2,816,748
10	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	45,841,536	45,964,339
	Capital work in progress	4,548,013	3,730,842
		50,389,549	49,695,181
10.1	Operating fixed assets		
	Carrying amount at beginning of the period / year	45,964,339	36,141,987
	Additions during the period / year	151,769	341,121
	Transfer from Capital work in progress	442,395	918,301
	Revaluation surplus	-	10,131,256
	asset classified as held for sale	-	[365,816]
	Disposal during the period / year	[37,177]	[226,135]
	Depreciation charge for the period / year	[679,790]	[976,375]
	Carrying amount at end of the period / year	45,841,536	45,964,339

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

	Unaudited 31 March 2023	Audited 30 June 2022
	[Rupees'000]	
10.2 Capital work in progress	Note	
Carrying amount at beginning of the period / year	3,730,842	3,679,837
Additions during the period / year	1,259,566	969,306
Transferred to operating fixed assets	[442,395]	[918,301]
Carrying amount at end of the period / year	10.2.1 4,548,013	3,730,842
10.2.1 Closing capital work in progress represents:		
Construction of Pearl Continental Mirpur	3,643,928	3,661,460
Other civil works	904,085	69,382
	4,548,013	3,730,842

10.2.2 Additions in and depreciation on property, plant and equipment during the nine months period ended 31 March 2022 were Rs. 480.202 million and Rs. 723.11 million respectively.

	Unaudited 31 March 2023	Audited 30 June 2022
	[Rupees'000]	
11 INTANGIBLE ASSET		
Project under development	517,870	499,103
Software	213,329	213,329
	731,199	712,432
Cost		
Opening balance	712,432	284,713
Additions : Project under development	18,767	16,438
Additions : Project under development	-	305,929
Additions : Software	40,683	92,202
Additions : Software	-	13,150
Closing balance	771,882	712,432
Accumulated amortisation		
Opening balance	77,320	32,393
Amortisation charge	26,818	44,927
Closing balance	104,138	77,320
Net book value		
Cost	771,882	712,432
Accumulated amortisation	104,138	77,320
Closing balance	667,744	635,112
Amortisation rate per annum		
Project under development	5%	5%
Software	30%	30%

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

		Unaudited 31 March 2023	Audited 30 June 2022
	Note	[Rupees'000']	
12 ADVANCE FOR CAPITAL EXPENDITURE			
Advance for purchase of land	12.1	666,820	666,820
Advance for purchase of Malir Delta Land	12.2	381,656	381,656
Impairment loss		(40,000)	(40,000)
		1,008,476	1,008,476
Advance for purchase of apartment		40,509	40,509
Impairment loss		(40,509)	(40,509)
		-	-
Advance for purchase of fixed assets		47,965	34,183
Advances for Pearl Continental Mirpur Project		133,215	79,026
		181,180	113,209
Advance for vehicles under lease arrangements		-	81,480
		1,189,656	1,203,165

12.1 This includes amount of Rs. 626.82 million (30 June 2022: Rs. 626.82 million) paid to a related party, Associated Builders (Private) Limited, for purchase of tourist site piece[s] of land measuring 7.29 acres in Gwadar, in previous years, the Securities and Exchange Commission of Pakistan (SECP) has imposed penalty on the Parent Company's directors under the provisions of section 199 of the Companies Act, 2017 by treating this advance as 'investment in associated company' and also directed the Parent Company to place the matter before the shareholders of the Parent Company in the general meeting and seek their approval in terms of section 199 of the Companies Act, 2017. The directors of the Parent Company has filed an appeal in the Honorable Islamabad High Court against the order of SECP. Simultaneously, without prejudice to the right of the Appellants, the management and Board have complied with the directions of SECP in this regard.

12.2 This represents amount paid for purchase of 1/3rd share (113.34 acres of land) from Ms. Seema Tressa Gill's situated in Deh Dih in the Delta of Malir River. The Parent Company relying upon the representation of good title by Ms. Seema Tressa Gill entered into a Agreement to Sale with her 1/3rd share (113.34 acres land) against a total sale consideration of Rs 80 million which was followed by registered documents inter-alia includes a Deed of Conveyance. The relevant documents provide for indemnification by the Seller's against all losses, detriments occasioned to or sustained/suffered by the Purchaser due to any defect in the title of the Seller. The Parent Company also paid regularization fee amounting to Rs. 301.65 million to the Land Utilization Department Govt. of Sindh on her behalf through Challan.

Legal proceedings of the above said piece of land were instituted in the Courts of Law, the Parent Company being aggrieved and dissatisfied with a impugned judgment of High Court against dismissal of its Constitution Petition has filed a Civil Petition for Leave to Appeal [CPLA] before Hon'ble Supreme Court of Pakistan and presently the matter is pending adjudication before the Apex Court and Parent Company is diligently pursuing the same. The Parent Company is hopeful of a favorable result. However, even if there is an adverse decision as per legal opinion, the Parent Company would be entitled to recover the amounts from the Seller as well as from the relevant Government Department. In this regard the paid Challan for regularization fee also states that "Subject to the condition that the land in question is available on site and the lease money may be deposited into Government Treasury in the relevant Head of Accounts by the depositor at his own risk. In case if any irregularity/ false information/ concealment of facts / stay of court is noticed hereafter, the malkano amount paid to this effect by the depositor shall be reimbursed.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

	Unaudited 31 March 2023	Audited 30 June 2022
	[Rupees'000']	
13 ADVANCE AGAINST EQUITY INVESTMENT		
Xoop Technologies (Private) Limited Impairment allowance	248,278 [119,233] 129,045	248,278 [119,233] 129,045
Home Shopping Impairment allowance	116,124 [55,767] 60,357	116,124 [55,767] 60,357
	189,402	189,402
14 SHORT TERM INVESTMENTS		
<i>Amortized cost</i>		
Certificate of investments	-	5,300
Impairment loss	-	[5,300]
	-	-
<i>Fair value through other comprehensive income</i>		
National Technology Development Corporation Limited	200	200
Indus Valley Solvent Oil Extraction Limited	500	500
Impairment loss	[700]	[700]
	-	-
<i>Amortized cost</i>		
Term deposit receipt	637,579	1,193,579
Term Finance certificate	75,000	75,000
Mutual Fund	3,703	3,373
Accrued interest	2,394	9,407
	718,676	1,281,359
<i>Financial assets at fair value through profit or loss</i>		
Shares of listed Companies	6,471	6,991
	725,147	1,288,350
15 NON CURRENT ASSET HELD FOR SALE		
Property	-	3,114,554
Under construction Hotel Pearl Continental Multan	5,342,453	4,544,545
	5,342,453	7,659,099

15.1 During the period, the disposal of the property has been completed.

	Note	Three months period ended 31 March		Nine months period ended 31 March	
		2023	2022	2023	2022
		[Rupees'000']			
16 REVENUE - NET					
Rooms		1,883,669	1,715,999	5,340,171	4,340,134
Food and beverages		2,015,989	2,124,432	6,206,438	5,869,108
Other related services	16.1	232,721	212,170	935,590	639,099
Vehicle rentals		62,526	66,586	169,765	145,896
Shop license fees		10,966	15,391	36,344	45,465
Franchise & management fee revenue		39,338	16,621	68,807	48,176
		4,245,209	4,151,199	12,757,115	11,087,878
Discounts and commissions		[103,503]	[29,751]	[275,774]	[221,701]
Sales tax		[538,408]	[539,691]	[1,679,749]	[1,464,742]
		3,603,298	3,581,757	10,801,592	9,401,435

16.1 This includes revenue from telephone, laundry, discount cards and other ancillary services.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

	Three months period ended 31 March		Nine months period ended 31 March	
	2023	2022	2023	2022
17 COST OF SALES AND SERVICES	(Rupees'000)			
Food and beverages				
Opening balance	170,326	130,621	150,527	92,327
Purchases during the period	630,862	621,759	1,911,050	1,733,485
Closing balance	(169,325)	(114,056)	(169,325)	(114,056)
Consumption during the period	631,863	638,324	1,892,252	1,711,756
Direct expenses				
Salaries, wages and benefits	557,583	420,099	1,617,936	1,195,989
Heat, light and power	292,107	269,355	1,115,903	834,837
Repair and maintenance	118,052	105,000	338,906	277,286
Depreciation	183,481	196,375	555,853	596,065
Amortization	7,180	12,516	22,991	30,770
Guest supplies	75,439	60,328	211,744	187,994
Linen, china and glassware	39,327	29,618	107,797	90,185
Communication and other related services	2,193	1,883	8,101	6,429
Laundry and dry cleaning	18,206	14,252	55,935	52,600
Banquet and decoration	17,065	18,085	55,759	55,908
Transportation	4,849	10,770	6,683	12,753
Uniforms	4,436	3,201	16,167	10,778
Music and entertainment	4,186	3,580	13,285	10,723
Insurance	831	491	2,493	1,495
Vehicle operating Expense	22,138	16,688	64,637	35,100
Vehicle Rental and Registration Charges	13,420	34,531	35,910	45,394
Others	88,052	34,533	251,213	106,386
	2,080,408	1,869,629	6,373,565	5,262,448
18 CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	(Rupees'000)			
			Nine months period ended 31 March	
			2023	2022
Profit before tax			350,192	959,715
Adjustments for:				
Depreciation			679,790	723,115
Amortization			26,818	35,036
[Gain] / Loss on disposal of property, plant and equipment			(47,598)	6,031
Gain on disposal of Assets held for sale			(98,356)	-
Provision for staff retirement benefit - gratuity			93,550	110,610
Provision for compensated leave absences			23,025	55,185
Impairment loss on trade debts			104,721	117,151
Return on bank deposits / certificate of investments			(155,468)	(47,767)
Finance cost			1,436,813	1,011,212
Dividend income			(600)	(225)
Unrealised Loss on remeasurement of investments to fair value			521	1,664
Share of gain in equity accounted investment-net			(74,407)	(59,070)
Impairment on investment in associated company			63,566	67,213
			2,402,567	2,979,871
19 CASH AND CASH EQUIVALENTS				
Cash and bank balances			622,700	658,123
Short term borrowings			(1,735,714)	(2,146,020)
Accrued profit on bank deposits			(2,405)	(1,268)
			(1,115,419)	(1,489,165)

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise associated companies, directors as well as their close family members, companies with common directorship, executives, key management personnel, major shareholders and provident fund. Detail of transactions and balances with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Nine months period ended 31 March	
	2023	2022
	[Rupees'000]	
Transactions with associated undertakings		
Sales	3,334	336
Services provided	58,375	39,085
Services availed	428,931	293,035
Purchases	167,645	59,952
Franchise fee - income	4,202	3,640
Dividend income	60,227	60,452
Advance against issuance of shares	-	12,183
Purchase of Fixed asset	11,109	-
Sale of fixed assets	10,241	-
Balances as at the period end:		
- Trade debts	36,403	*19,543
- Trade Advances, deposits, prepayments & other receivables	26,221	*12,926
Dividend receivable	60,227	-
Transactions with other related parties		
Sales	325	923
Services provided	81	144
Services availed	28,808	2,803
Contribution to defined contribution plan - provident fund	46,191	39,130
Balances as at the period end:		
- Trade debts	839	* 1,245
- Advance for capital expenditure	626,820	* 626,820
Transactions with key management personnel		
Remuneration and allowances including staff retirement benefits	421,422	317,336
Loan from key management personnel during the period	141,000	258,500
Refund of loan to key management personnel	8,401	7,622
Other receivables	495	* 794

* Represents balances as at 30 June 2022.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

21 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

21.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount			Fair value				
		Financial Assets		Financial Liabilities	Amount in Rs'000				
		Fair value through profit or loss	Amortized cost	Amortized cost	Total	Level 1	Level 2	Level 3	Total
31 March 2023									
Financial assets measured at fair value									
Shares of listed Companies	14	6,471	-	-	6,471	6,471	-	-	6,471
Long term deposits		51,552	-	-	51,552	-	-	51,552	51,552
Short term deposits		58,870	-	-	58,870	-	-	58,870	58,870
		116,893	-	-	16,893	6,471	-	110,422	116,893
Financial assets not measured at fair value									
Trade debts	21.2	-	1,138,232	-	1,138,232	-	-	-	-
Contract assets		-	19,385	-	19,385	-	-	-	-
Advance to employees		-	40,156	-	40,156	-	-	-	-
Other receivables		-	587,556	-	587,556	-	-	-	-
Short term investments	14	-	716,282	-	716,282	-	-	-	-
Accrued interest		-	4,799	-	4,799	-	-	-	-
Cash and bank balances		-	622,700	-	622,700	-	-	-	-
		-	3,129,110	-	3,129,110	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	21.2	-	-	12,186,668	12,186,668	-	-	-	-
Other non-current liabilities	5	-	-	221,579	221,579	-	-	-	-
Short term borrowings	7	-	-	2,746,751	2,746,751	-	-	-	-
Lease liabilities	6	-	-	344,232	344,232	-	-	-	-
Trade and other payables	21.3	-	-	3,533,213	3,533,213	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	19,043,213	19,043,213	-	-	-	-
30 June 2022									
Financial assets measured at fair value									
Short term investments	14	6,991	-	-	6,991	6,991	-	-	6,991
Long term deposits		52,518	-	-	52,518	-	-	-	-
Short term deposits		16,682	-	-	16,682	-	-	-	-
		76,191	-	-	76,191	6,991	-	-	6,991
Financial assets not measured at fair value									
Trade debts	21.2	-	833,185	-	833,185	-	-	-	-
Contract assets		-	27,654	-	27,654	-	-	-	-
Advance to employees		-	18,537	-	18,537	-	-	-	-
Other receivables		-	143,289	-	143,289	-	-	-	-
Short term investments	14	-	1,271,952	-	1,271,952	-	-	-	-
Cash and bank balances		-	549,726	-	549,726	-	-	-	-
		-	2,844,343	-	2,844,343	-	-	-	-
Financial liabilities not measured at fair value									
Loans and borrowings	21.2	-	-	13,698,446	13,698,446	-	-	-	-
Other non-current liabilities	5	-	-	12,934	12,934	-	-	-	-
Short term borrowings	7	-	-	3,047,607	3,047,607	-	-	-	-
Lease liabilities	6	-	-	366,244	366,244	-	-	-	-
Trade and other payables	21.3	-	-	2,520,574	2,520,574	-	-	-	-
Unclaimed dividend		-	-	9,242	9,242	-	-	-	-
Unpaid dividend		-	-	1,528	1,528	-	-	-	-
		-	-	19,656,575	19,656,575	-	-	-	-

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months period ended 31 March 2023

- 21.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, because their carrying amounts are reasonable approximation of fair value.
- 21.3 It excludes, federal excise duty, bed tax and sales tax payable, banquet / beverage tax, unearned income and income tax deducted at source.

22 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary for better presentation. Following reclassification have been made during the period:

Description of item	Reclassified from	Reclassified to	Amount (Rupees'000)
Impairment on associates	Finance income	Other expense/ reversal	67,213

23 DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Parent Company in its meeting held on 26 April 2023.



Murtaza Hashwani
Chief Executive Officer



M.A. Bawany
Director



Tahir Mahmood
Chief Financial Officer



PAKISTAN SERVICES LTD.

1st FLOOR, NESPAK HOUSE, SECTOR G-5/2, ISLAMABAD
TEL: +92-51-2272890-8, FAX: +92-51-2878636

OWNERS AND OPERATORS OF



Pearl-Continental
HOTELS & RESORTS